

Message Text

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43

ACTION EB-07

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FM AMEMBASSY SANTIAGO

TO SECSTATE WSHDC 8773

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E.O.11652:N/A

TAS : ETRD, CI

SUBJ: NEW AUTOMOTIVE IMPORT REGULATIONS

REF: SANTIAGO 1730

1. DECREE LAW 1420, PUBLISHED IN OFFICIAL GAZETTE (DIARIO OFICIAL) ON APRIL 23, ESTABLISHES TWO NEW SURCHARGES ON IMPORTS OF NEW AUTOS.

THE NEW SURCHARGES ARE IN EFFECT AS OF APRIL 24. AS A FOLLOW UP MEASURE THE CENTRAL BANK PUBLISHED ON APRIL 24 A DECLARATION LIFTING THE 10,000 PERCENT PRIOR DEPOSIT REQUIREMENT ON CAR IMPORTS (PARA 6, REFTEL).

2. ANNOUNCEMENT OF SURCHARGES IS LATEST ATTEMPT TO RESOLVE QUESTION

OF PROTECTION OF DOMESTIC AUTOMOTIVE ASSEMBLY INDUSTRY WHILE AT THE SAME TIME ALLOWING IMPORTS TO COMPETE TO SOME EXTENT. DECREE LAW 1420 ADDS A 20 PERCENT SURCHARGE TO ALL IMPORTS, REGARDLESS OF PRICE. SAME LAW IMPOSES AN ADDITIONAL 100 PERCENT SURCHARGE (LUXURY TAX) TO AUTOMOBILES WHOSE DOMESTIC SELLING PRICE IS MORE THAN US\$11,000.

3. SEQUENCE OF CHARGES AS FOLLOWS: IMPORTER DECLARES CIF VALUE ON ENTRY, TO THIS IS APPLIED THE 20 PERCENT SURCHARGE, THEN THE 115 PERCENT DUTY, FINALLY OTHER IMPORT REGISTRATION FEES, AS WELL AS 20 PERCENT VALUE ADDED TAX. IF THE FINAL FIGURE IS MORE THAN \$11,000, THE ADDITIONAL 100 PERCENT LUXURY TAX IS APPLIED.

4. EMBASSY CALCULATES THAT ONLY CARS WITH EX-FACTORY PRICE
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OF UNDER US\$3,000 WILL BE ABLE TO ENTER CHILEAN MARKET WITHOUT
PAYING THE 100 PERCENT LUXURY SURCHARGE. ACCORDING TO
GENERAL MOTORS REPRESENTATIVE IN CHILE, THIS ELIMINATES ALL
BUT A VERY FEW STRIPPED-DOWN US MODELS.

5. FINANCE MINISTER JORGE CAUAS AT LUNCHEON MEETING LAST
WEEK, WITH GROUP OF ECONOMIC AND COMMERCIAL OFFICERS FROM
VARIOUS EMBASSIES, COMMENTED THAT THIS MOVE IS DESIGNED TO
PREVENT MASSIVE IMPORTS OF LUXURY CARS, AT THE SAME TIME
KEEPING DOMESTIC AUTO PRICES UNDER SOME CONTROL VIA
TOKEN IMPORT COMPETITION.
BOYATT

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NNN

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